Consumer Confidence Survey

- *Business*
- *Employment*
- *Income*
- *Inflation*
- *Interest Rates*
- *Stock Prices*

February 1988

CONSUMERS' SPIRITS CONTINUE TO IMPROVE

The Consumer Confidence Index (1985 = 100) registered a further gain in January. The current reading is 110.9, up slightly more than three points from December. Although the level of confidence is still lower than it was before the Wall Street crash, some two-thirds of the loss has now been regained. In the most recent survey, consumers were more comfortable than a month earlier with ongoing business conditions, and more hopeful in their expectations for the first half of the New Year.

In January, some 26.4% of all respondents considered current business conditions to be "good," only 17.8% said that they were "bad." Both readings are more favorable than in the preceding probe. More respondents reported that jobs were "plentiful" in January, but there was also a rise in complaints that jobs were "hard to get."

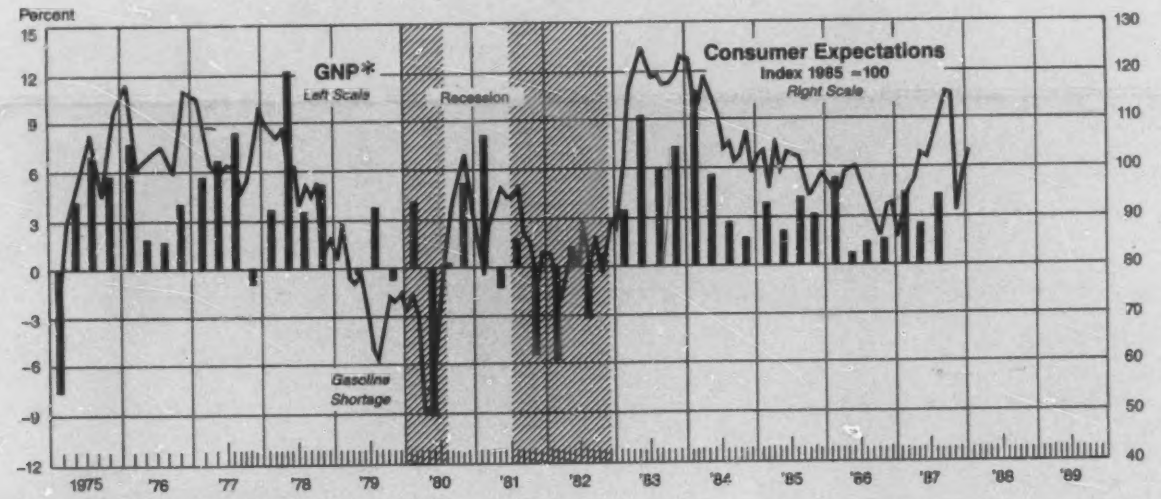
Consumers are somewhat more optimistic in their expectations for the coming months. Concerning business conditions, slightly fewer respondents than last time believe that they will improve in the period to come, but also fewer respondents are concerned that they will worsen. About the same number of people as previously expect more jobs to become available, but there was a decline in the number that anticipate fewer jobs. Similarly, slightly fewer respondents expect their earnings to increase in the months to come, but fewer also anticipate a decrease. Overall, the index of consumer expectations was up moderately in January, but it is still below the September level.

Buying plans are mixed to softer. Intentions to buy a major appliance in the immediate months ahead were about the same in January as in December. Plans to purchase a car, however, were down. Interest in homes, which had been declining in recent months, strengthened in January.

The continued improvement in the consumer's spirits, despite the persisting turbulence in financial markets, can probably be explained by the vigor of the economy. Some 114 million people were employed in January, some 3 million more than a year ago. The unemployment rate has dropped below 6%, the lowest figure in a long time. The nation's industries are operating at better than 82% of capacity, the best level in about eight years. The declining dollar is apparently resulting in growing export volume. Meanwhile, the inflation rate continues to remain modest. Employment and the sustained buying power of the dollar have a lot to do with the measure of consumer confidence.

Fabian Linden

Consumer Expectations and Changes in GNP



* Quarterly changes in real GNP at annual rates.

U.S. Department of Commerce; NFO Research Inc.; The Conference Board.

Confidence and Buying Plans

Based on surveys conducted by NFO Research, Inc.

Percentage of all households = 100%

All series seasonally adjusted	1987 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.(r)	1988 Jan.(p)
							Business		Employment				Income
Composite Series: Index Numbers, 1985 = 100													
Consumer Confidence Index	85.4	91.8	95.8	97.4	103.0	102.1	105.8	110.7	115.7	115.1	100.8	107.7	110.9
Present Situation	85.0	91.9	94.2	92.7	99.1	107.9	106.2	115.6	120.5	124.4	115.6	119.8	122.6
Expectations	85.6	91.8	96.8	100.5	105.6	98.2	105.6	107.5	112.5	108.9	90.9	99.6	103.2
Appraisal of Present Situation: Percent													
Business Conditions													
Good	20.9	24.8	24.0	23.3	25.2	28.9	26.1	28.5	29.9	30.9	26.4	24.8	26.4
Bad	28.1	26.1	26.4	24.7	24.6	22.7	22.9	20.3	19.4	19.4	20.3	18.5	17.8
Normal	51.0	49.1	49.6	52.0	50.2	48.4	51.0	51.2	50.7	49.7	53.3	56.7	55.8
Employment													
Jobs plentiful	19.6	20.8	21.9	20.5	21.9	25.1	24.6	27.0	27.8	28.5	26.8	27.0	29.8
Jobs not so plentiful	46.2	45.1	45.6	46.7	47.9	44.3	46.1	45.3	46.1	47.4	47.0	49.4	44.6
Jobs hard to get	34.2	34.1	32.5	32.8	30.2	30.6	29.3	27.7	26.1	24.1	26.2	23.6	25.6
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	16.0	19.0	18.2	18.8	20.8	18.5	19.6	22.0	24.2	23.7	18.3	19.9	19.0
Worse	11.1	10.2	9.1	7.3	7.8	9.3	7.4	7.2	7.2	8.1	12.4	9.2	7.9
Same	72.9	70.8	72.7	73.9	71.4	72.2	73.0	70.8	68.6	68.2	69.3	70.9	73.1
Employment													
More jobs	12.6	14.7	14.9	16.5	17.7	16.1	17.5	20.1	20.9	19.3	15.5	16.8	16.6
Fewer jobs	19.0	19.7	15.6	15.6	14.1	16.0	14.6	15.3	14.2	13.8	19.1	16.6	15.2
Same	68.4	65.6	69.5	67.9	68.2	67.9	67.9	64.6	64.9	66.9	65.4	66.6	68.2
Income													
Increase	21.1	24.6	24.5	23.3	24.1	23.7	26.1	26.5	29.5	28.7	28.0	28.3	26.4
Decrease	8.4	8.3	8.1	8.3	6.6	7.4	6.6	7.5	5.8	7.3	9.1	8.4	6.4
Same	70.5	67.1	67.4	68.4	69.3	68.9	67.3	66.0	64.7	64.0	62.9	63.3	67.2
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	7.4	7.8	7.5	7.2	9.0	7.0	7.7	7.1	8.8	8.5	8.2	8.2	7.5
New	3.4	4.0	4.0	4.3	4.2	3.3	4.8	3.6	3.8	4.2	4.3	4.5	4.0
Used	2.6	2.9	2.8	2.2	3.6	3.1	2.1	2.9	3.5	3.0	2.8	3.0	2.7
Uncertain	1.4	0.9	0.7	0.7	1.2	0.6	0.8	0.6	1.5	1.3	1.2	0.7	0.8
Home													
Yes	4.4	3.1	4.1	3.2	4.1	3.3	3.6	4.1	3.9	3.9	3.7	3.5	3.9
New	1.5	1.1	1.4	0.7	1.3	0.9	0.8	1.4	1.2	1.1	1.0	0.8	1.5
Lived in	1.9	1.3	2.0	1.7	1.8	1.5	2.1	1.8	1.8	1.7	2.0	1.7	1.7
Uncertain	1.0	0.7	0.7	0.8	1.0	0.9	0.7	0.9	0.9	1.1	0.7	1.0	0.7
Major appliances													
Total plans	28.5	29.1	29.1	27.4	36.3	29.4	29.8	30.5	32.5	32.0	31.1	28.2	28.7
Refrigerator	5.3	5.2	4.6	4.0	5.6	4.7	4.6	4.5	5.1	4.7	4.3	4.1	4.6
Washing machine	4.2	3.8	4.3	3.6	4.8	3.9	4.4	4.1	5.4	4.8	4.4	3.3	4.4
TV Set	6.8	7.7	7.1	6.5	9.2	7.4	7.8	7.2	7.5	7.5	7.9	7.5	6.7
Vacuum Cleaner	4.3	4.8	5.5	5.2	6.4	4.6	4.8	5.0	5.6	5.3	5.6	5.5	4.2
Range	3.0	2.8	2.5	3.3	3.9	2.9	3.2	3.3	2.9	3.6	3.2	2.8	2.8
Clothes dryer	3.3	3.3	3.7	3.0	4.1	3.8	3.2	3.6	3.7	4.0	3.7	3.1	3.8
Air conditioner	1.6	1.5	1.4	1.8	2.3	2.1	1.8	2.8	2.3	2.1	2.0	1.9	2.2
Carpet	7.7	7.0	8.2	6.0	10.0	7.3	7.0	6.0	8.3	6.7	6.8	7.7	8.5
Vacation Intended Within Six Months: Percent													
Vacation Intended		50.9		49.4		49.7		52.0		54.3		46.9	
Destination													
U.S.		46.8		44.5		45.4		47.0		48.3		43.1	
Foreign country		5.9		6.8		6.6		6.8		7.8		8.1	
Means of travel													
Automobile		33.2		29.8		30.7		30.6		32.7		27.6	
Airplane		18.4		19.5		20.9		21.3		20.7		18.6	
Other		4.3		4.6		3.7		4.2		4.4		3.6	

(p)—preliminary (r)—revised

Inflation	Interest Rates	Stock Prices											
						1987							1988
Not seasonally adjusted	*Jan.*	*Feb.*	*Mar.*	*Apr.*	*May*	*June*	*July*	*Aug.*	*Sep.*	*Oct.*	*Nov.*	*Dec.(r)*	*Jan.(p)*
						Expectations for Twelve Months Hence: Percent							
Inflation Rate													
Average								4.4	4.3	4.4	4.5	4.5	4.3
Interest Rates													
Higher						71.6	64.8	63.9	73.9	75.0	55.2	58.5	59.2
Same						18.3	25.4	24.0	18.4	17.2	22.8	24.1	24.5
Lower						10.1	9.8	12.1	7.7	7.8	22.0	17.4	16.3
Stock Prices													
Increase						43.6	46.3	45.5	41.4	39.9	34.1	31.1	36.2
Same						34.9	36.9	33.0	31.4	31.0	27.0	28.6	30.9
Decrease						21.5	16.8	21.5	27.2	29.1	38.9	38.3	32.9

CONSUMER CONFIDENCE BY REGION

	1987												1988	Avg.	Nov.,	Dec., Jan.
Seasonally unadjusted index numbers:1985 = 100	*Jan.*	*Feb.*	*Mar*	*Apr.*	*May*	*June*	*July*	*Aug.*	*Sep.*	*Oct.*	*Nov.*	*Dec.(r)*	*Jan.(p)*	*1987*	*1988*	*Percent Change**
NEW ENGLAND																
Consumer Confidence Index	155.3	154.9	152.8	137.3	150.5	155.8	156.6	152.7	158.5	160.0	141.7	148.2	155.7	149.5	148.5	– 0.6
Present Situation	192.6	199.9	191.2	180.4	192.6	201.5	206.9	207.1	209.4	208.7	200.7	204.7	202.6	196.0	202.6	3.4
Expectations	130.5	125.0	127.2	108.5	122.5	125.4	123.0	116.5	124.6	127.6	102.3	110.6	124.5	118.5	112.5	– 5.0
MIDDLE ATLANTIC																
Consumer Confidence Index	86.9	92.9	95.9	102.3	98.8	104.6	113.5	107.0	117.9	124.0	101.5	108.8	115.3	95.0	108.5	14.3
Present Situation	94.2	92.3	95.9	104.5	109.4	123.4	130.5	121.5	139.9	152.2	127.5	137.3	141.7	101.4	135.5	33.6
Expectations	82.0	93.4	95.9	100.8	91.7	92.1	102.1	97.3	103.3	105.2	84.3	89.8	97.7	90.7	90.6	– 0.2
EAST NORTH CENTRAL																
Consumer Confidence Index	69.6	77.7	85.9	79.4	86.4	83.3	87.3	91.6	102.9	103.8	88.0	87.9	104.5	72.9	93.5	28.1
Present Situation	61.0	72.4	77.7	73.1	79.8	98.8	86.5	102.3	111.7	116.0	99.4	96.3	114.8	70.5	103.5	46.9
Expectations	73.6	81.2	91.4	83.6	90.8	73.0	87.9	84.5	97.0	95.6	80.4	82.3	97.7	74.6	86.8	16.3
WEST NORTH CENTRAL																
Consumer Confidence Index	56.5	61.9	62.4	65.4	77.6	78.3	70.1	75.8	92.2	89.6	73.7	71.5	91.9	58.9	79.1	34.3
Present Situation	40.9	51.1	38.9	40.0	54.0	72.8	55.5	59.1	91.5	94.8	77.2	74.9	78.6	42.8	76.9	79.7
Expectations	66.9	69.0	78.1	82.4	93.3	82.0	79.9	86.9	92.7	86.1	71.4	69.3	100.8	69.6	80.5	15.6
SOUTH ATLANTIC																
Consumer Confidence Index	125.2	124.9	130.6	133.1	135.5	125.5	134.7	136.7	141.2	147.6	131.2	131.3	131.4	125.1	131.3	5.0
Present Situation	139.6	140.8	154.9	157.4	154.3	147.4	156.9	162.1	168.8	176.1	168.6	164.8	158.5	143.1	164.0	14.6
Expectations	115.6	114.3	114.4	117.0	122.9	110.9	119.8	119.8	122.9	128.6	106.2	109.1	113.3	113.1	109.5	– 3.1
EAST SOUTH CENTRAL																
Consumer Confidence Index	75.0	85.7	95.3	87.8	86.9	88.0	87.6	93.7	94.8	98.2	90.1	100.9	93.8	75.6	94.9	25.6
Present Situation	62.0	63.8	72.8	61.8	71.8	78.0	74.5	71.6	78.0	89.3	87.3	93.9	73.2	64.9	84.8	30.5
Expectations	83.7	100.2	110.3	105.1	96.9	94.8	96.3	108.4	106.0	104.2	92.0	105.5	107.5	82.7	101.7	23.0
WEST SOUTH CENTRAL																
Consumer Confidence Index	57.1	63.0	59.3	63.1	65.7	70.5	71.2	77.3	82.6	78.3	70.1	68.7	73.1	55.3	70.6	27.8
Present Situation	12.0	10.8	16.7	9.8	13.4	23.6	19.6	26.2	28.3	26.1	28.5	27.7	25.9	15.7	27.3	73.7
Expectations	87.2	97.8	87.7	98.7	100.6	101.9	105.7	111.4	118.8	113.1	97.8	96.0	104.5	81.6	99.5	21.8
MOUNTAIN																
Consumer Confidence Index	71.4	70.6	76.2	78.3	86.1	83.8	74.8	84.2	102.8	101.4	76.4	85.7	89.0	74.0	83.7	13.1
Present Situation	62.4	39.4	49.4	44.8	55.6	58.4	49.6	60.0	82.6	93.4	67.5	76.1	55.5	56.4	66.3	17.5
Expectations	77.5	91.4	94.1	100.6	106.4	100.7	91.6	100.3	116.3	106.8	82.4	92.1	111.4	85.7	95.3	11.2
PACIFIC																
Consumer Confidence Index	103.2	110.6	107.1	105.2	106.5	112.3	114.7	124.0	125.1	125.3	125.5	121.2	124.9	102.3	123.8	21.1
Present Situation	103.3	108.5	101.0	105.5	112.9	133.2	132.2	147.1	149.0	151.4	152.1	148.2	140.5	105.2	146.9	39.6
Expectations	103.1	112.1	111.1	105.0	102.3	98.4	103.0	108.6	109.1	107.9	107.7	103.2	114.5	100.3	108.5	8.1

***Percent Change: average of last three months shown as compared with same period year ago. Regional data are not adjusted for seasonal variations.**

CONSUMER CONFIDENCE BY AGE AND INCOME CLASS

Seasonally adjusted index numbers: 1985 = 100	1987 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct	Nov.	Dec.(r)	1988 Jan.(p)	3 mos. Percent, Change*
TOTAL U.S.														
Consumer Confidence Index	85.4	91.8	95.8	97.4	103.0	102.1	105.8	110.7	115.7	115.1	100.8	107.7	110.9	- 6.5
Present Situation	85.0	91.9	94.2	92.7	99.1	107.9	106.2	115.6	120.5	124.4	115.6	119.8	122.6	- 0.7
Expectations	85.6	91.8	96.8	100.5	105.6	98.2	105.6	107.5	112.5	108.9	90.9	99.6	103.2	-10.7
AGE OF HOUSEHOLD HEAD														
Consumer Confidence Index														
Under 35	91.1	94.9	107.2	102.3	107.5	112.0	114.5	111.2	120.7	122.3	110.2	121.5	116.3	- 1.7
35-54	93.0	99.0	97.0	102.3	105.1	107.9	108.0	115.7	120.0	113.9	103.5	105.9	111.1	- 8.3
55 and over	72.0	79.0	82.5	85.8	93.8	87.1	93.8	102.7	102.5	107.2	86.7	95.6	102.1	- 8.9
Present Situation														
Under 35	92.2	93.2	108.8	94.4	99.1	115.8	111.4	116.9	126.3	130.6	123.0	130.6	126.5	- 1.7
35-54	96.3	105.2	98.5	100.5	100.6	115.0	108.7	121.6	128.2	123.6	114.4	118.3	121.6	- 5.1
55 and over	70.2	78.6	81.1	84.7	97.7	97.0	101.1	108.7	106.7	120.0	111.0	113.8	120.8	3.0
Expectations														
Under 35	90.4	95.9	106.3	107.6	113.1	109.4	116.6	107.4	117.0	116.7	101.6	115.6	109.5	- 4.2
35-54	90.9	95.4	96.1	103.6	108.1	103.2	107.6	111.8	114.4	107.4	96.2	97.7	104.2	-10.6
55 and over	73.2	79.3	83.4	86.6	91.1	80.4	89.0	98.7	99.7	98.5	70.4	83.3	90.1	-17.9
HOUSEHOLD INCOME														
Consumer Confidence Index														
Under $15,000	64.5	77.2	78.5	74.1	84.3	80.6	86.3	78.3	88.0	87.1	74.6	83.9	87.2	- 3.0
$15,000-24,999	78.9	87.8	87.8	90.0	99.0	98.5	92.6	100.4	106.2	113.8	97.8	103.4	105.9	- 4.2
$25,000 and over	100.7	102.7	108.9	114.4	115.4	117.9	123.4	130.3	131.8	128.6	114.7	120.6	123.7	- 8.1
Present Situation														
Under $15,000	51.1	67.3	58.9	57.3	66.5	76.2	79.3	74.9	77.4	82.5	74.9	77.6	77.7	- 1.9
$15,000-24,999	72.4	78.6	82.8	76.2	91.2	100.5	87.7	96.0	109.7	119.0	104.2	107.7	112.4	- 0.1
$25,000 and over	112.0	113.3	120.6	121.8	122.4	132.8	132.6	143.1	145.5	146.3	140.2	145.5	148.8	- 0.1
Expectations														
Under $15,000	73.0	83.0	90.5	85.1	96.4	83.6	91.2	80.7	95.5	90.5	74.4	88.6	92.9	- 4.0
$15,000-24,999	83.1	93.2	91.0	99.1	104.2	97.2	96.0	103.6	103.9	110.4	93.5	100.6	101.4	- 7.0
$25,000 and over	93.7	96.3	101.8	109.6	110.7	107.7	117.1	121.8	122.4	116.5	97.6	103.6	107.5	-14.4

***Percent Change: average of last three months shown as compared with preceding three months. Age and income data have been adjusted for seasonal variations.**